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Enterprise in Brazil:

**A Strategic Approach
to Private Sector
Family Planning**

The Enterprise Program

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Foreword

This study represents the fourth in a series of five country studies published by the Enterprise Program. Countries have been selected on the basis of regional diversity, the variety of socioeconomic and contraceptive prevalence conditions, and the level of private sector development and Enterprise activity. Each country study attempts to offer a thoughtful analysis of the different strategic approaches used to developing private sector interventions in family planning.

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EXECUTIVE SUMMARY

For the last two decades, the private sector has been the primary provider of family planning services in Brazil. Non-governmental organizations (NGOs), particularly those serving Brazil's low income population, have played an especially important role in this process. Today, however, many NGOs are finding that their success at increasing national contraceptive prevalence has prompted donor agencies to restrict future assistance only to regions and target groups whose family planning needs remain acute. These cut-backs have now left Brazil's family planning NGOs facing an uncertain financial future.

Recognizing the importance of NGOs as a source of family planning for much of Brazil's population, USAID/Brasilia requested the Enterprise Program to develop and implement a strategy for making these organizations more self-sufficient.

The Enterprise Strategic Response to the Family Planning Environment of Brazil

In early 1988, the Enterprise Program began assisting Brazil's major family planning NGOs to attain financial self-sufficiency. Enterprise's program objectives in Brazil were to improve the cost recovery and overall operating efficiency of these NGOs and to diversify their income sources. To achieve these objectives, Enterprise developed a four-part strategy calling for:

- Technical assistance to NGOs for financial planning and business development;
- Seed-capital to NGOs for the start-up of business ventures;
- Technical assistance to NGOs for the implementation, monitoring and evaluation of new business activities; and,
- Information sharing with other NGOs and donor agencies.

The Enterprise Program in Brazil

Enterprise sponsored seven subprojects in Brazil. Each subproject tested one of three models to assist NGOs in generating income through the establishment of a business venture.

The first model entails the introduction of a diagnostic service unit, such as ultrasound or male infertility analysis, to an existing facility in order to attract a paying clientele. The second model establishes, alongside an original clinic, an "upscale" clinic to serve an upper income, paying clientele. The third model markets training and information services to private sector institutions such as company health programs and health maintenance organizations (HMOs).

Major Findings and Lessons Learned

Despite hyperinflation, trade restrictions and changes in government. Enterprise's NGO partners have responded creatively to achieve subproject objectives, often developing innovative solutions along the way.

When Enterprise first began working with Brazil's family planning NGOs, many of them were highly centralized and dependent upon the leadership of the top director. Enterprise also found that NGO staff, comprised largely of former public sector medical personnel, were often resistant to business concepts.

Today, there is growing awareness among NGOs of the need to diversify, generate income and achieve self-sufficiency. NGO directors and staff members are operating in a more business-like manner and are acquiring the financial and management skills needed to implement new income-generating ventures. New management staff with business experience are being hired and given the authority to make decisions.

With Enterprise assistance, innovative income-generating activities have been successfully implemented, moving the NGOs toward financial sustainability. Already, one NGO partner has so successfully expanded a hospital laboratory that it now generates enough revenue to cover a major share of the hospital's family planning service expenses. The income-generation models now being tested in Brazil are replicable wherever NGOs are committed to achieving financial self-sufficiency.

The lessons learned from the Enterprise Program experience in Brazil indicate that:

- Non-profit NGOs must learn to think entrepreneurially if they are to recognize and take advantage of business opportunities.
- To make the transition to self-sufficiency, NGO staff need training in business skills as well as hands-on business experience.
- Program success and financial sustainability depend on the full commitment and support of NGO top management.
- Financial risk sharing with NGO partners is essential during the start-up phase of an NGO business venture.
- The most promising NGO business ventures appear to be those that respond to an established market, are within the NGO's area of expertise and offer a quick return on investment.
- To succeed in a health-related business venture, non-profit NGOs must be ready to compete with the for-profit healthcare market for specialized personnel and other resources.

I. THE ENTERPRISE STRATEGIC RESPONSE TO THE FAMILY PLANNING ENVIRONMENT OF BRAZIL

An Enterprise team visited Brazil in November 1987 to explore opportunities in private sector family planning. At the request of USAID/Brasilia, Enterprise formulated a strategy to help family planning NGOs recover costs and develop alternative income sources to reduce dependency on donor support. The strategy was prompted by four key characteristics of Brazil's family planning environment:

The Private Sector as the Primary Provider of Family Planning in Brazil

During the 1960s and 1970s, the Government of Brazil was pro-natalist and provided little public sector support to family planning. While the Government has now reversed its position, public funding for family planning services remains limited. Apart from Brazil's Social Security Institute, INAMPS, there are few other public service providers.

In recent years, Government assistance to private sector family planning has primarily taken the form of revising or abolishing restrictive laws and policies. Until 1976, for example, oral contraceptives required a prescription and could only be obtained from pharmacists. Now available over the counter, they are Brazil's second most popular contraceptive method. Female sterilization, which had previously required the consent of two physicians, became more readily available after 1985 and is now the most popular contraceptive choice in Brazil. Oral contraceptives and IUDs produced in Brazil are widely available in the urban areas and are protected by import restrictions.

The private sector, comprising both for-profit and non-profit healthcare providers, is the primary supplier of family planning services and contraceptives in Brazil. In some urban areas, up to 70 percent of all contracepting couples obtain services in the for-profit sector. This sector includes physicians in private practice, pharmacies, health maintenance organizations (HMOs), health insurance firms, industry health facilities, hospitals and clinics.

NGOs as a Major Source of Family Planning for the Poor

Non-profit NGOs and INAMPS are the principal sources of family planning information and services for Brazil's rural and urban poor. In the Northeast Region where many of Brazil's poor live, about 20 percent of all couples of reproductive age obtain services from family planning NGOs. Nationwide, NGOs are also a primary provider of family planning services for adolescents--a key target group, since women under 20 account for over a quarter of all births in Brazil.

Given limited public funding, non-profit NGOs are likely to remain a major source of family planning for the poor. They are also likely to become a major service provider to men, since condoms and male sterilization are not as widely available as other methods. Currently, family planning NGOs are working to promote and gain acceptance of these contraceptive methods.

The largest family planning NGOs in Brazil are BEMFAM, CPAIMC and ABEPF. BEMFAM (Sociedade Civil de Bem-Estar Familiar No Brasil) operates programs in eight states with 78 clinics and 2,141 health posts. The organization also contracts with 58 local clinics and industries in 15 states to provide family planning. CPAIMC (Centro de Pesquisas de Assistencia Integrada a Mulher e a Crianca) operates a central clinic and 10 health posts in Rio de Janeiro. Finally, ABEPF (Associacao Brasileira de Entidades de Planejamento Familiar), oversees a network of 150 smaller, private organizations associated primarily with non-profit clinics. Over the last two decades, these NGOs have been instrumental in gaining acceptance for family planning in Brazil.

Cutbacks in USAID Funding for Brazilian Family Planning NGOs

Pointing to Brazil's high contraceptive prevalence rate of 65 percent, a 1987 evaluation of USAID population assistance to Brazil recommended that USAID/Brasilia withdraw assistance from urban centers where most private family planning services had been located and concentrate more on high risk groups such as adolescents or on underserved areas such as the Northeast and the slums of Rio de Janeiro and Sao Paulo. This shift in population assistance priorities prompted USAID to help formerly donor dependant NGOs become more self-sufficient. Enterprise was asked to participate in that effort by helping NGOs identify and initiate income-generating activities.

A Well Developed Private Healthcare Market

Many opportunities exist in Brazil for NGOs to initiate income generating activities. Brazil's relatively large middle class is accustomed to paying for private healthcare services and health maintenance organizations (HMOs) provide medical care to an estimated one-third of the labor force. Even low-income groups receive care through government payments to private hospitals and other providers. INAMPS as well as municipal and state governments reimburse private healthcare providers, including NGOs, for a portion of costs incurred for services to the poor.

In early 1988, the Enterprise Program began assisting Brazil's major family planning NGOs to move towards financial self-sufficiency. Enterprise's program objectives were:

- To improve the cost recovery potential of NGOs;
- To improve the overall efficiency of NGO operations; and,
- To diversify NGO income sources.

To achieve these objectives, Enterprise developed a four-part strategy that called for:

- Technical assistance for financial planning and business development. Such assistance included assessing an organization's expertise and resources, analyzing existing and potential markets, and preparing financial projections for various revenue-generating activities;
- Seed-money for capital investment;
- Technical assistance for implementation, monitoring and evaluation of new business activities; and,
- Information sharing among Brazilian NGOs by preparing and distributing case studies, holding workshops and sponsoring visits to successful subprojects.

II. ENTERPRISE SUBPROJECTS IN BRAZIL

Technical and financial support from the Enterprise Program enabled six Brazilian NGOs to test three innovative models for income generation. These models include:

- The addition or upgrading of a marketable service such as an enhanced diagnostic unit;
- The establishment of an upscale clinic; and,
- The expansion of the market for NGO products and services.

Figure 1 illustrates the role played by each NGO in applying these three models.

Model One: Enhancing Diagnostic Units

Four of Enterprise's seven Brazilian subprojects test the feasibility of adding or upgrading a marketable service as a means to generate additional income. All four subprojects share the following features:

They have similar goals--to eliminate the need for continued donor support by generating sufficient income to defray the operational expenses of family planning services;

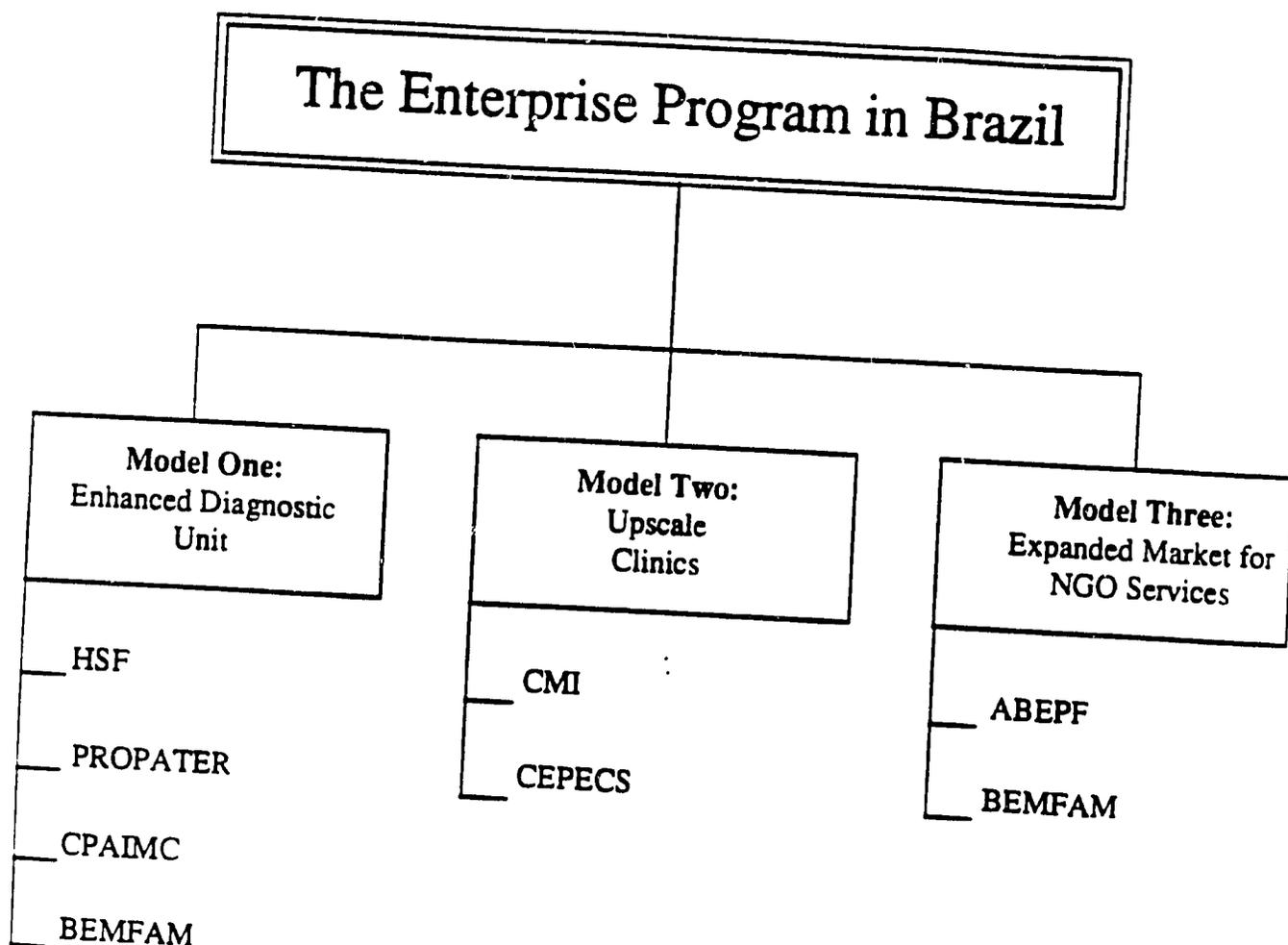
They market to a paying clientele--lab services are marketed to middle and upper income clients, private physicians and HMOs; and

They provide seed capital and technical assistance--Enterprise contributed start-up capital for the purchase of laboratory equipment and promotional materials, and it provided technical assistance for business skills development and financial analysis.

Settings:

Diagnostic units were established by four subproject partners: **Hospital Sofia Feldman**, a key family planning NGO serving the low-income population of Belo Horizonte; **PROPATER**, the largest non-profit organization in Latin America devoted exclusively to male sterilization; **CPAIMEC**, which operates a network of ten general health posts and a central clinic in the slums of Rio; and, **BEMFAM**, Brazil's largest private family planning organization, which maintains an extensive national network of clinics and programs.

FIGURE 1



Activities:

Hospital Sofia Feldman (HSF)

In July 1988, the Enterprise Program initiated a 12-month subproject with Hospital Sofia Feldman to expand the hospital's laboratory facilities. Studies had revealed that HSF was forfeiting a substantial amount of potential revenue from its most important client, the national social security institute, INAMPS. HSF's service contract with INAMPS guaranteed reimbursement for diagnostic services on a per capita basis. Because HSF lacked the equipment needed to perform certain tests, however, the hospital was able to meet only 46 percent of its INAMPS ceiling for reimbursement. The goal of the Enterprise subproject was to enhance HSF's ability to earn the untapped 54 percent in INAMPS revenue.

Enterprise provided seed capital totalling \$33,442 for the purchase of lab equipment and promotional pamphlets, thus expanding the lab's capability in areas such as parasitology, immunology and urinalysis. Enterprise developed a fee and revenue schedule to cover all of HSF's laboratory costs and 40 percent of its family planning expenditures. In addition, Enterprise provided technical assistance in financial analysis which included the installation of a system for cost-accounting and detailed project planning and monitoring. To disseminate this experience to other NGOs, Enterprise sponsored a case study documenting HSF's experience in cost recovery through the sale of laboratory services.

PROPATER (Promocao da Paternidade Responsavel)

PROPATER performs about 3,600 vasectomies each year, charging fees on a sliding scale so that lower-income clients can afford the service. In 1987, 64 percent of PROPATER's revenue was generated from client fees. In December 1988, Enterprise collaborated with PROPATER to establish a semen analysis laboratory. Enterprise provided \$67,200, most of which went towards the purchase of semen analysis equipment. Funding was also provided for personnel and promotion of the new facility.

The new lab is located in a downtown clinic that PROPATER remodeled to attract upper income clients. PROPATER expects that within two years of operation, semen analysis revenues will reduce its dependence on donors to only 10 percent of its operating costs. By the end of the third year, it is expected that excess revenue will be sufficient to cover the costs of nearly 1,500 additional vasectomies.

CPAIME (Centro de Pesquisas de Assistencia Integrada a Mulher e a Crianca)

In July 1988, Enterprise provided CPAIME with \$28,000 to purchase an ultrasound unit to be used for OB/GYN and other diagnostic services. The unit was installed in the Hospital Brasil-Portugal, since the hospital had extensive contact with local HMOs and government medical services, virtually guaranteeing CPAIME a market for its ultrasound services.

During the first two years of full-scale operations, it is expected that profits from the ultrasound unit will enable CPAIME to serve an estimated 3,500 family planning acceptors from the slums around Rio de Janeiro -- one of USAID's target populations. To strengthen CPAIME's financial structure, Enterprise also provided technical assistance to develop a cost-accounting system capable of being integrated into a computer-based management information system (MIS).

BEMFAM (Sociedade Civil de Bem-Estar Familiar No Brasil)

A full member of the International Planned Parenthood Federation (IPPF), BEMFAM depends on USAID and IPPF for about two-thirds of its annual \$5,000,000 budget. Because it is committed to serving lower-income groups, cost-recovery in BEMFAM's programs has been less than 20 percent.

In 1989 Enterprise assisted BEMFAM to set up a cytopathology laboratory to increase the financial sustainability of BEMFAM programs in the state of Ceara and to make low-cost cervical cancer screening more widely available throughout the Northeast. Within one year, BEMFAM expects to generate enough income from the service to fund 20 percent of its family planning and clinic costs in Ceara. This would provide family planning services to over 500 new acceptors a month.

Constraints:

Brazil's unstable economic environment has forced Enterprise's collaborating NGOs to devise innovative, yet pragmatic solutions to problems such as high inflation and constantly fluctuating exchange rates. One of the most serious consequences of this has been the loss in purchasing power. This has affected subproject budgets and revenues as well as the ability of clients to pay for services.

In the case of Hospital Sofia Feldman, inflation and delayed reimbursement from INAMPS greatly eroded laboratory profits. With regards to PROPATER, dollars budgeted to promote the new facility lost 50 percent of their purchasing power by the time the advertising campaign got underway. Furthermore, many clients found themselves unable to afford the fee for semen analysis as the procedure was not covered by insurance.

A different problem confronted CPAIMC -- competition from the for-profit sector for qualified staff. Initially, CPAIMC had difficulty finding a physician trained in both abdominal and obstetrical ultrasound procedures. Not only are ultrasound physicians in short supply, but the for-profit sector, which has an established clientele and more desirable locations, can offer more attractive salaries. To solve this problem, CPAIMC agreed to guarantee for six months a portion of the salaries of two ultrasound physicians.

Achievements:

One subproject, Hospital Sofia Feldman, has been in operation long enough to have met its revenue targets. The other three subprojects are rapidly making financial gains.

HSF

Within four months of having expanded its lab facilities, HSF more than doubled its monthly laboratory revenues. By the time the project ended in mid-1989, annual lab receipts had not only exceeded targets, but were covering 45 percent of the hospital's total family planning costs. As a result, HSF staff were able to increase and diversify services, ensure the continued delivery of family planning, eliminate the need for donor assistance and provide a solid base for growth. A case study on HSF's experience has been an effective learning tool for the hospital, Enterprise and other NGOs.

PROPATER

While PROPATER's original plan was to establish an entirely new site for its semen analysis laboratory, the high cost of renting space ruled out this option. With careful planning, PROPATER remodeled an existing facility in downtown Sao Paulo to accommodate the new unit and deliver services to a higher income clientele. Lower income clients were redirected to PROPATER's more affordable suburban clinic. To promote the semen analysis unit, PROPATER developed a brochure and has recently launched a marketing campaign to include direct mail and advertisements.

Finally, PROPATER exhibited the semen analyzer unit at the Annual Brazilian Conference on Human Reproduction where PROPATER's director also presented a paper on computerized semen analysis. It is anticipated that such exposure will have the effect of increasing PROPATER's referrals.

CPAIMC

Once CPAIMC was able to resolve its initial staffing problems, its ultrasound unit quickly began attracting clients. Recently, the number of exams has doubled from an average of 30 per month to over 60. The ultrasound unit is not only covering its costs but generates sufficient revenue to subsidize half of the operating expenses of a health post located outside Rio de Janeiro.

BEMFAM

Despite initial delays in start-up, the BEMFAM laboratory subproject now covers 90 percent of its costs and is expected to reach breakeven by early 1991. Since opening its doors in October 1989, the cytopathology laboratory has exceeded the projected number of monthly exams reimbursable by INAMPS. Unfortunately, INAMPS' low payment rates have prevented the laboratory from reaching its projected revenue targets. This is likely to change, however, now that the laboratory has been accredited to conduct exams for private physicians and HMOs, both of which pay higher fees. This diversification of revenue sources, in particular a recent agreement with Brazil's two largest HMOs in Brazil, will help BEMFAM meet its financial targets.

To increase revenues even further, BEMFAM has recently launched an advertising campaign to sell lab services to 152 municipal governments with which it maintains other service contracts. BEMFAM has developed posters and pamphlets on cervical cancer prevention as well as an instruction manual on collection and transfer procedures for lab specimens. Transportation of exam material to the BEMFAM laboratory will be facilitated so that more municipalities can utilize the facility.

Private physicians and HMOs have also been targeted by the campaign. BEMFAM has contacted private physicians throughout the state of Ceara to determine their laboratory requirements, transportation arrangements for exam materials and familiarity with the new BEMFAM lab. About half of the physicians interviewed in Fortaleza were already aware of the lab and all expressed an interest in seeing it. Eventually, the campaign will expand to other states in the Northeast.

Model Two: Developing Upscale Clinics

Two of Enterprise's seven Brazilian subprojects established upscale clinics as a means of generating additional private sector income. Both subprojects have four important characteristics:

They have similar goals--to increase the financial sustainability of the NGO's family planning program through the establishment of revenue-generating clinics;

They entail market research and business planning--Enterprise provided such assistance to help its NGO partners determine the feasibility of the two proposed clinics;

They target a similar market--clients who can pay for clinic services; and

They respond to an unmet demand for services in the area.

Settings:

Enterprise's strategy to establish upscale clinics has involved collaboration with two Brazilian NGOs: CMI, which operates numerous family planning clinics in lower income areas of Sao Paulo and CEPEC, which provides family planning services to the poor of Belo Horizonte.

Activities:

CMI (Centro Materno Infantil)

CMI operates 12 clinics in Sao Paulo, all of which provide sterilization, IUD insertion and training in family planning information and education. Enterprise funded a market study for CMI to assess the demand for an outpatient surgical clinic. The study revealed that there was a sizable unmet demand for such a clinic as Sao Paulo had both a shortage of hospital beds and a backlog of surgery patients. Enterprise also provided a consultant to design the clinic and identify the materials, personnel and equipment that would be needed. Financial analyses and detailed cash flow forecasts were also provided.

Conservative financial projections suggest that the facility will be in a position to cover its monthly costs after just four months of operation. After nine months of operation, the clinic should generate enough profit to cover CMI's entire family planning expenditures (\$3,000 per month). This would provide cost coverage for about 3,200 family planning clients a year.

CEPECS (Centro de Pesquisas Clovis Salgado)

In 1987, Family Planning International Assistance (FPIA), informed CEPECS it would phase out its funding of the organization by the end of 1989. CEPECS responded by closing all but one of its 20 city clinics, by eliminating subsidies

from 100 rural-based family planning service units it had helped establish and by charging fees for all services. Though these measures proved effective at reducing costs and expenditures, they also contributed to a decline in client load and to serious political and morale problems within the organization.

Enterprise was asked to help CEPECS assess the feasibility of an upscale, fee-for-service, fully integrated clinic. The study included an analysis of the organization's strengths, potential market opportunities and competitors. As a result of the study, CEPECS decided to establish a clinic that would offer services ranging from obstetrics and gynecology to urology. By capitalizing on its reputation and expertise in the field of reproductive healthcare, CEPECS' goal was to tap the unmet demand among Belo Horizonte's middle class for reasonably priced family planning and other healthcare services.

Enterprise also assisted CEPECS by developing a marketing strategy and business plan. The plan projects that by the eighteenth month of operation, the clinic will generate enough revenue to cover CEPECS' administrative costs and family planning program for the poor. By the end of year three, annual profits are projected to exceed \$300,000. Based on cost per acceptor figures from 1988, these revenues will allow CEPECS to serve 40,000 new acceptors per year.

Constraints:

Brazil's high inflation rate created major financial problems for CMI. Remodeling costs for the surgical clinic alone more than doubled. Delays in project implementation and the fact that Enterprise itself was in its final year led to the decision not to fund the surgical clinic beyond the initial start-up period.

CEPECS found it difficult to hire and keep a clinic administrator with the salary budgeted for the position. The NGO had to compete with the for-profit private sector which paid higher salaries for qualified candidates. Finding new commercial space to house the clinic also became too costly.

Achievements:

In 1990, CMI completed business plans for its surgical clinic and is now actively seeking investment funds. Operations are expected to start as soon as sufficient funds are available.

Discussions with Enterprise convinced CEPECS' directors that a clinic administrator with business expertise was needed to run the new facility. The organization has since been able to use that expertise to overcome its serious budgetary constraints. For example, a new rental agreement saved CEPECS enough to be able to rent additional space for the low income clinic

and renovate the existing facility to serve middle income clientele. The latter began operations in April 1990. CEPECS has signed service agreements with four private companies and negotiations are currently underway with twelve others.

By September 1990, CEPECS achieved full cost recovery at its lower income clinic. Increases in client fees were found to have no effect on the demand for services despite the fact that its lower income clientele had traditionally paid little more than a symbolic fee for services.

Model Three: Expanding the Market for NGO Products and Services

Two Enterprise subprojects are designed to generate income by expanding the market for NGO products and services. Both subprojects share:

Similar goals -- to recover costs and generate sufficient revenue to decrease dependence on donors; and

Similar objectives -- (1) to enable the NGOs to tap new paying markets for their existing services and products; and (2) to identify demand for new services and products.

Settings:

Subprojects were established with two NGO partners: **ABEPF**, a non-profit umbrella association of family planning groups and **BEMFAM**, the largest private family planning organization in Brazil.

Activities:

ABEPF (Associacao Brasileira de Entidades de Planejamento Familiar)

Since its establishment in 1972, ABEPF's role has been to provide a forum for family planning organizations to coordinate training programs nationwide and to provide financial, technical and informational support to its 150 associated members. Although USAID contributions make up nearly 90 percent of ABEPF's \$900,000 annual budget, it too faces the same financial uncertainty as its associated members. Unfortunately, because ABEPF does not provide direct services to the public, it cannot take advantage of many of the income generating opportunities identified earlier.

Enterprise has assisted ABEPF to commercialize the organization's publications and training programs. Potential markets are being identified and new salespersons have been hired and trained to sell ABEPF's products. A preliminary

investigation found that ABEPF's operating costs were high, and that the prices needed to cover costs may be prohibitively expensive. As a result, ABEPF has begun to consider cost-cutting measures and to explore new markets such as private companies, government agencies and HMOs.

BEMFAM

In the past, heavy subsidies from IPPF made it possible for BEMFAM to provide family planning services to private industry with only nominal financial contributions on the part of employers themselves. Facing funding cuts yet recognizing the unmet demand for both family planning and primary healthcare at the workplace, BEMFAM requested Enterprise assistance to improve its marketing capability. BEMFAM saw this as a way to expand its delivery of family planning services and to generate needed income.

In 1989 Enterprise began working with BEMFAM to define, package and price its existing services and products. The collaboration called for consensus-building, business skills training and unit costing of existing services. To determine the potential demand for BEMFAM's products, corporate executives and medical directors were interviewed.

As part of BEMFAM's new marketing strategy, materials are being developed for promotion within the business community. Enterprise is also funding trial marketing and sales activities during a four-month period. At the end of this period, an evaluation will indicate the potential financial benefits of such marketing and the conditions necessary for the expansion of sales activities.

Constraints:

Implementation of the third model highlighted numerous policies, practices and attitudes that severely constrained the achievement of financial self-sufficiency. BEMFAM's cost accounting system, for example, was designed to meet the needs of foreign donors, not to provide the type of unit cost information required for business planning. In the case of ABEPF, there was initial resistance to the idea of diversification and commercialization.

Achievements:

To expand the market for NGO products and services, it was necessary to work with NGO managers and staff to define and, in some cases, change the way they viewed their organization's financial goals. ABEPF recognized that product and market diversification were essential to the organization's survival. The sales department has now been restructured and new positions and job descriptions have been created.

With Enterprise assistance, BEMFAM defined the market for its services and products and identified staffing needs to meet potential demand. A marketing firm was hired to help BEMFAM package its products. Thus far, three product packages have been developed for sale to private industries. These include worksite presentations on various health topics such as AIDS, family planning and drug abuse; IEC materials such as brochures for employees; and health and family planning services for company employees. As to the latter, BEMFAM offers several options: (1) the provision of on-site family planning services by BEMFAM medical staff, (2) the training of existing company medical staff to provide services, (3) the establishment of new family planning facilities, and (4) the provision of family planning services at the Meir Clinic, one of BEMFAM's health and family planning service facilities.

III. MAJOR FINDINGS AND LESSONS LEARNED

Enterprise's experience in Brazil points to six lessons that promise to bear heavily on the potential for achieving NGO sustainability.

Non-profit NGOs must learn to think entrepreneurially if they are to recognize and take advantage of business opportunities.

The skills needed to run a donor dependent organization are very different from those needed to run an organization dependent on revenue from sales of goods and services. To make the transition from donor dependence to self-sufficiency, NGOs must develop the entrepreneurial attitudes and skills needed to function effectively in the marketplace.

Donor agencies that work with NGOs must also recognize this. Assessing the capability of NGO management to develop an entrepreneurial orientation should be a principal part of the project and organization selection process.

To make the transition to self-sufficiency, NGO staff need training in business skills as well as hands-on business experience.

In Brazil, Enterprise trained NGO staff in basic business skills and involved them in identifying, assessing and managing new business ventures. This included conducting market research, writing business plans and making pricing decisions. Enterprise discovered that allowing NGO staff to run a new venture was the most effective way to provide hands-on business experience. As part of the learning process, Enterprise supplied pre-project and ongoing management and technical assistance.

The ability to master basic business tools is also of critical importance. In Brazil, Enterprise adapted a range of business planning and management tools to the special needs of the NGO. Enterprise taught NGO staff to apply the analytical tools needed to identify the requisites of successful business ventures. These tools and their applications are summarized in Figure 2.

Program success and financial sustainability depend on the full commitment and support of NGO top management.

NGO business ventures are most successful when top management recognizes the importance of the venture and is committed to making it work. Such commitment,

FIGURE 2

Business Management Tools and Applications

	TOOL	APPLICATION
#1	Organizational assessment guidelines for analyzing resources, opportunities and constraints.	To identify which services or goods the organization has the capacity to sell.
#2	Market studies, surveys and interviews.	To determine unmet demand for goods and services.
#3	Financial analyses.	To determine the commercial viability of goods and services.
#4	Analysis of potential external or internal constraints and problems.	To ensure continuous access to necessary inputs, supplies and personnel.
#5	Advertising/promotional campaigns designed to reach a specific target market and a delivery system to make the service accessible.	To ensure customers are willing and able to buy the service or good.
#6	MIS, assessing accounting systems and revenue analysis.	Continuous troubleshooting; ensuring adequate provision of working capital, revenue maximization.

however, is not always automatic. Often, a lack of business experience discourages management from confronting the risks of the marketplace.

Commitment to financial self-sustainability requires a thorough understanding of business and the marketplace. Management must also be fully convinced that the long-term economic interests of the organization lie in this new direction. Where these conditions are absent, the prospects for successful revenue-generation are dim.

Financial risk sharing with NGO partners is essential during the start-up phase of an NGO business venture.

Until NGOs acquire sufficient business experience, credibility and financial strength to make them eligible for commercial financing, they will need soft loans and grant assistance for start-up capital.

Enterprise found it necessary to provide its Brazilian NGO partners with funds to cover initial investment costs and six months' working capital. At the same time, Enterprise demanded a substantial financial contribution from its partners, including an up-front commitment to assume responsibility for recurring costs. The conditions imposed by Enterprise were effective in encouraging NGO managers to adopt business-like, cost-effective operating procedures and to reach breakeven as quickly as possible.

The most promising NGO business ventures appear to be those that have an established market, are within the NGO's area of expertise and offer a quick return on investment.

Although all the data are not yet in, experience to date indicates that sustainability is more easily achieved under the following conditions:

Where there is a clear market niche for the new business. The CEPECS clinic, for example, offered a full range of health and family planning services demanded by the middle class. This was in contrast to other private hospitals and clinics in the area which targeted their services to other income groups. This lack of competition enabled CEPECS to establish a solid client base fairly quickly.

When the new venture falls within the NGO's area of expertise. Among Enterprise-sponsored projects, the more sophisticated diagnostic units had greater difficulties in getting started. For example, the start-up of CPAIMC's ultra sound unit was delayed due to difficulties associated with mastering the new technology. Qualified staff also had to be hired and trained to operate the unit.

When the NGO can realize a quick return on its investment. The assets of a large for-profit private company may allow it to forgo a quick return in exchange for larger long-term profits from a business investment. NGOs, which operate close to the margin and have limited working capital, rarely have this luxury. It is imperative, therefore, that NGO business ventures generate revenue quickly enough to be able to cover operating costs. The expanded laboratory at Hospital Sofia Feldman was very successful in this respect. Before subproject start-up, HSF was fortunate enough to have already had a secure market for its services (INAMPS) and staff qualified to run the upgraded laboratory. Once renovations were completed and the equipment installed, the laboratory soon yielded a profit. Within a year, the laboratory was subsidizing nearly half the costs of the hospital's family planning program.

To succeed in a health-related business venture, non-profit NGOs must be ready to compete with the for-profit healthcare market for specialized personnel and other resources.

When operating in the healthcare marketplace, NGOs must be ready to compete with for-profit providers for the inputs needed to run their businesses. In Brazil, NGOs had to compete for highly specialized medical personnel, qualified healthcare managers and affordable commercial space. Because the for-profit sector was financially stronger than many of the NGOs, it could afford to pay premium prices for these critical inputs.

To meet this challenge, NGO managers generated savings through cost cutting measures. Other practical solutions included renting less expensive space in residential areas and remodeling existing facilities rather than establishing new ones.

IV. LOOKING FORWARD

Each of the seven family planning NGOs assisted by Enterprise has taken a significant step towards financial sustainability. This is no small achievement in a country where NGOs have traditionally focused on charitable assistance to low-income populations. Moving toward self-reliance has meant seeking new income generating opportunities, since it is clear that NGOs cannot rely solely on the service fees of their poor clientele. To protect their financial futures, NGOs must continue defining new markets for their income generating activities. They must also help insulate themselves from the risks of the marketplace by developing innovative partnerships with the for-profit sector.

So that other non-profit organizations may profit from the experience of the Enterprise program, several activities are under consideration. These include the preparation and dissemination of NGO business case studies and an NGO workshop to share experiences, expand knowledge and identify the kinds of technical assistance needed to embark on new business ventures.

In the future, donor funding for Brazilian family planning NGOs will become increasingly scarce. Nonetheless, with relatively small amounts of seed capital and technical assistance, family planning NGOs can acquire the skills needed to secure their financial futures. Donor provided assistance of this kind is an excellent investment and will allow NGOs to continue providing family planning to the most needy.